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New Zealand: Bracing for the Election

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An Intelligence Assessment

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*EA 87-10027
July 1987*

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New Zealand: Bracing for the Election

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An Intelligence Assessment

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Key Judgments*Information available
as of 1 July 1987
was used in this report.*

Despite the ruling Labor Party's comfortable lead in opinion polls, we believe the national election on 15 August will be closely contested and the outcome decided in a few districts in which the government holds only a slim lead. Although Prime Minister Lange is favored to win a second term, undecided voters could swing the election to the opposition National Party. In our judgment, Prime Minister Lange would interpret a Labor victory as vindication of his antinuclear policy and approval to continue Finance Minister Douglas's free market economic reforms. If the Nationals win, we believe party leader Jim Bolger would lack the parliamentary and public support needed to overturn the antinuclear legislation. Bolger may propose a compromise policy allowing for US Navy ship visits, but such an arrangement would almost certainly be rejected by the New Zealand public and media as a ploy to get around the antinuclear legislation.

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Lange's bid for reelection will be hampered by New Zealand's sluggish economy, which has so far failed to respond to the Labor government's economic reforms. Labor has won increased support from the business community for boosting exports and reducing government intervention in the financial sector, but the opposition will stress that under Labor:

- Unemployment is at a near-record high of 6 percent, while inflation is over 18 percent.
- Government overseas borrowing jumped from almost \$1 billion to \$3 billion in the past year. New Zealand's total foreign debt is about half of gross domestic product.
- The current account deficit has improved little, and will be about \$1 billion this year.

Lange will almost certainly lose votes from traditional party backers—especially trade union members—who have been hurt by import competition, cost-cutting layoffs, and higher taxes and prices. The Labor Party probably hopes to make up for lost blue-collar votes by attracting middle-class voters who have benefited from the party's tilt to the right on economic issues. Most of these beneficiaries, however, do not live in the crucial swing districts that Lange needs to win to assure victory.

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We believe Lange will focus his campaign on the Labor Party's popular antinuclear policy and the fact that he has made good on a 1984 campaign promise to pass legislation banning all nuclear-powered or -armed ships from New Zealand. Despite strong public support for the Labor Party's antinuclear legislation, in our judgment the issue has become anticlimactic and does not guarantee Labor another term because of the New Zealand public's disinterest in defense and foreign policy issues.

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The National Party will have difficulty convincing voters that it can do a better job managing the economy, as many New Zealanders blame the former National government under Prime Minister Muldoon for creating the current economic problems. Bolger, nonetheless, will almost certainly try to capitalize on discontent among farmers, manufacturers, and pensioners with Labor's economic reforms. The Nationals will also try to win votes by blaming the government for increases in violent crime. []

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US-New Zealand relations would almost certainly remain strained during a second Lange term, but bilateral ties would improve gradually under a National government. National would probably work to restore the ANZUS alliance, although Bolger's government would be constrained by the antinuclear legislation. Bolger may also attempt to increase bilateral trade by seeking a free trade agreement with Washington. []

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New Zealand: Bracing for the Election

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Lange Heading for a Second Term?

Prime Minister David Lange is campaigning to become New Zealand's first two-term Labor Party prime minister in over 40 years against a background of a sluggish economy, near-record-high unemployment, and rising public concern about a surge in violent crime. According to the US Embassy, public opinion surveys cite the economy and crime as the two most important issues facing New Zealand. Lange, however, has received high praise for carrying out a much-needed restructuring of the New Zealand economy and for his popular antinuclear policies. Although polls show that 15 percent of voters are still undecided, the US Embassy reports that public support for the Labor Party has increased recently because the Lange government's economic and antinuclear policies are attracting voters who backed third-party candidates in 1984. One public opinion survey taken in June gave Lange's party a 26-point lead over the conservative National Party, led by Jim Bolger.

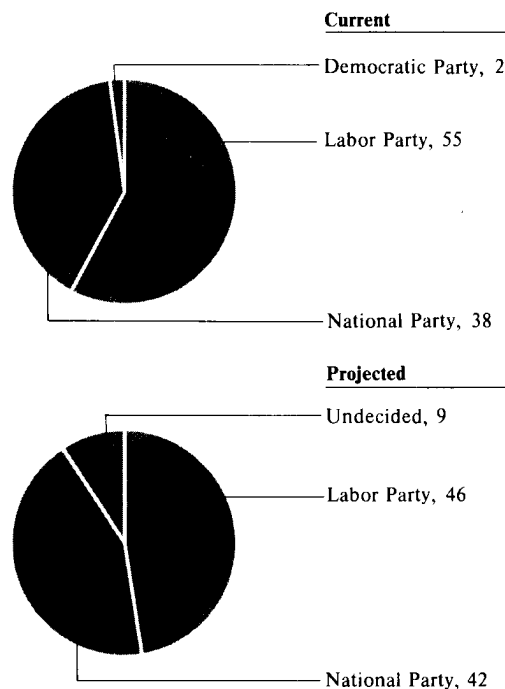
Despite Labor's comfortable lead in opinion polls, most observers agree that the 15 August election will be closely contested, with a few key constituencies determining the outcome. Opinion polls concentrate on urban areas where Labor is traditionally strong, and reflect the popular vote rather than districts won and lost. According to the US Embassy, nine seats in Parliament currently controlled by the Labor Party are in jeopardy; a loss of seven seats would cost Labor the election. We believe, however, that the Nationals will probably fall short of capturing enough Labor-controlled seats to oust the Lange government. Labor strengthened itself in three of its narrowly held seats through redistricting in April, and the US Embassy reports that the candidates the Nationals have selected in some of the other vulnerable districts are weak.

Lange's Management of the Economy

The New Zealand economy, mired in recession, promises to be Lange's most difficult election issue. When his government took office in July 1984, the budget

Figure 1
New Zealand: Parliamentary Breakdown

The new Parliament will have 2 new seats for a total of 97 seats. At least 49 seats must be won by either major party to take the election.



Source: US Embassy.

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deficit was equivalent to 9 percent of gross domestic product and government spending had soared to 35 percent of GDP. A current account deficit of more

than \$1 billion persisted despite heavy import tariffs and export subsidies. New Zealand was having little success diversifying exports away from agricultural products, which were suffering from a drop in world commodity prices and shrinking quotas in New Zealand's key European Community market. Moreover, external debt had reached \$6 billion by March 1984, and debt servicing was being funded by further borrowing. []

Ambitious Efforts . . . Lange gave Minister of Finance Roger Douglas carte blanche to try to deal with these problems. Douglas immediately sought to implement policies to permit an export-led recovery and to shift the burden of support for the economy's growth from the government to the private sector. Following a strict policy of "no subsidy, no protection," the Labor government's medium-term goals were to increase the processing of New Zealand's predominantly agricultural exports for more specialized markets and to boost manufactured exports. []

Douglas has supplemented his reform measures with a consistent set of monetary and fiscal policies. Key to what the New Zealand press calls his Rogernomics program is deregulation of the financial sector to control inflation, which has been running three times that of New Zealand's trade partners and business competitors. In March 1985 Wellington allowed the exchange rate to float in an effort to make exports more competitive. A 10-percent goods and service tax was introduced in October 1986, and sales of government bonds were instituted to cut the budget deficit. In a controversial move, the April 1987 turnover of government services—including the telephone system, land management, and electricity distribution—to the private sector was intended to cut government spending. []

. . . **With Disappointing Results.** The economy has responded to Douglas's remedies only sluggishly, and the rapid growth the government had hoped for before the election has not occurred. Despite some gains—for example, exports probably will increase by 3 percent this year, and the stock market enjoyed a boom in 1986—the overall picture remains bleak. Indeed, GDP growth stagnated in 1985-86 and probably will be less than 1 percent in 1987. []

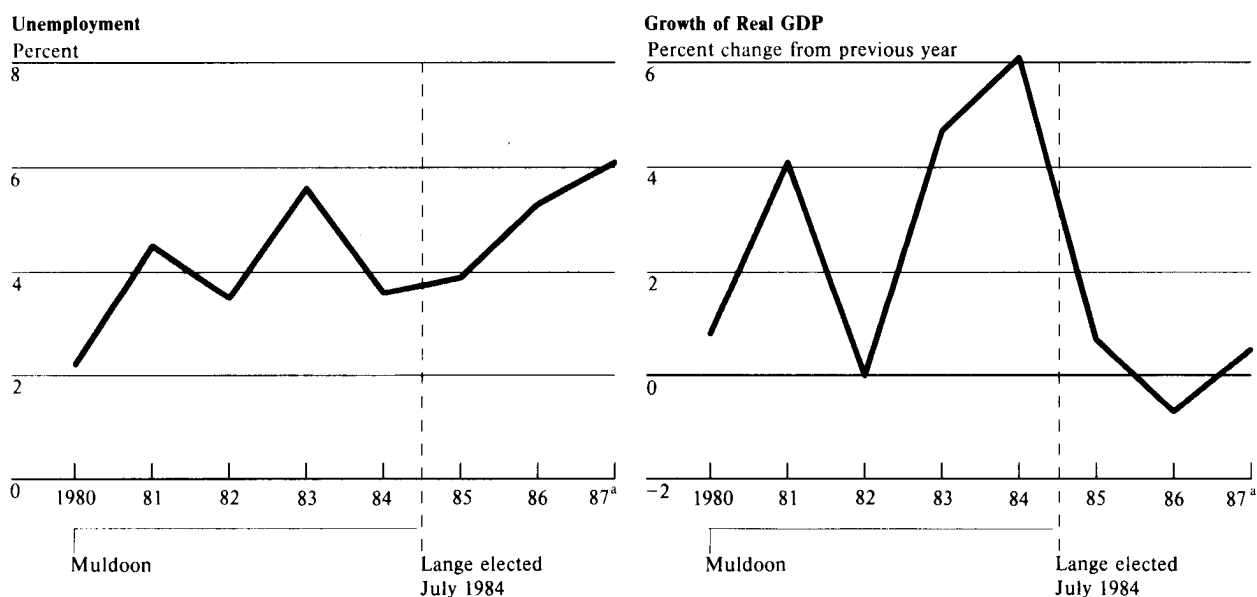


Roger Douglas
Minister of Finance

A free market economist and outspoken architect of New Zealand's reformist economic policies . . . "growth first" economic views have earned him reputation as maverick within socialist-oriented Labor Party . . . remains committed to reducing protectionism . . . target of criticism from leftwingers and trade unions for his deregulation policies . . . on good terms with Lange, who admires his innovative ideas . . . named Finance Minister of the Year in 1985 by international finance magazine Euromoney . . . successful businessman able to take independent political stand without regard for voter reaction. []

Unemployment has been rising because the government ended subsidies to the farming sector and because Douglas's policies have encouraged marginally profitable manufacturers to fold or to trim their work forces to become more competitive. The unemployment rate was estimated by the US Embassy in March 1987 to be 6.1 percent, the highest since Lange took office, and the total number of jobless persons is at a 50-year high. According to the US Embassy, inflation climbed to over 18 percent last year, largely the result of the new goods and services tax and spiraling wage increases. Interest rates have remained correspondingly high at 20 percent, angering homeowners, farmers, and the business community. Moreover, the government has not reduced the budget and

Figure 2
New Zealand: Economic Indicators, 1980-87



current account deficits, and New Zealand's international credit rating was lowered recently by two leading US financial institutions because of the large foreign debt. As a result of the shocks of rapid change and high popular expectations that the economy would turn around quickly, the credibility of the Labor Party has been damaged, according to the US Embassy (see table). [redacted]

Assessing the Political Impact

Until recently, Labor's economic reform policies enjoyed the widespread, albeit grudging, respect of a substantial majority of New Zealanders, especially those in the deregulated financial management sector. According to the US Embassy, New Zealanders had a visible, if somewhat perverse, sense of pride in being subjected to one of the fastest and most wide-ranging reform programs of any major economy. Several months of unrelentingly bad news earlier this year,

however, have tarnished Wellington's ability to convince the country of impending improvements, and we believe key voter groups are shifting their political allegiances. Disunity over economic policies is growing within the Labor Party and, in our view, is weakening Lange's position. [redacted]

Trade Unions. According to Embassy reporting, although the New Zealand Federation of Labor publicly supports Lange's reelection, he will probably lose some votes from rank-and-file union members, who are traditionally strong Labor Party supporters. They are disgruntled with the government's calls for private-sector wage restraint and have called Douglas's open-market economic policies "a betrayal of socialist principles." [redacted]

Comparative Economic Statistics,
1984-87

	1984	1987
<i>Million US \$</i>		
Budget deficit	1,800	3,100
Current account deficit	1,600	1,000
Trade balance	69	-67
Total foreign debt	5,700	8,800
<i>Percent</i>		
Debt service share of GDP	18.6	24.0
Inflation	3.6	18.9
Unemployment	3.6	6.1

Sources: US Embassy, Organization for Economic Cooperation and Development, International Monetary Fund.

Farmers. Wellington's withdrawal of subsidies and special farm tax breaks, calculated to force the agricultural sector to modernize, have caused record mortgage defaults on farms and unemployment in rural areas, according to open-source reporting. Even though farmers normally vote for the Nationals, we believe the downturn in the farm economy has hurt Labor voters in semirural towns.

Business. Lange can take some comfort in the unprecedented support Labor is receiving from the business community. According to the US Embassy, corporate contributions to the National Party have been limited because the business community fears that former Prime Minister Muldoon would force a National government to undo Labor's reforms and revert once again to intervening extensively in the economy. Moreover, polls show that a majority of those conservative New Zealanders and members of the business community who abandoned the National Party to vote for third-party candidates in 1984 will vote for Labor in the next election.

The Antinuclear Issue

Although likely to be overshadowed by the debate over the economy, New Zealand's antinuclear stance will also be an important election issue. Indeed, we believe Lange timed the passage of the Labor government's antinuclear legislation in June 1987, after several postponements, to maximize leftist support for the Labor Party during the campaign. The legislation bans visits by nuclear-armed or -powered ships and nuclear-armed aircraft, although aircraft supporting Operation Deep Freeze—the US Navy's Antarctic exploration program based in Christchurch—are exempted (see appendix A). Formal ratification of the antinuclear policy, which has been in effect since 1985, will make it difficult for a future government to reverse the policy on port calls.

Public support for the government's antinuclear legislation has persisted despite criticism of Lange's defense policies by former military leaders and the New Zealand media. According to the US Embassy, little public debate takes place on defense issues because most New Zealanders probably share the Labor government's view that the country faces no immediate external threat. In addition, many National Party supporters, especially younger party members, favor the antinuclear legislation.

As far as we can determine, the only potential backlash Lange faces is from antinuclear activists, who might try to make an issue over the provision that exempts from the legislation US aircraft transiting Christchurch. In our judgment, however, the blanket clearance and the continued use of Christchurch as a transit and supply base for Operation Deep Freeze will bolster Lange's claim that New Zealand is still observing the ANZUS alliance. In this way Lange will probably be able to pacify those critics who have charged him with damaging relations with Washington.

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Assessing the Policies

	Objective	Outcome
<p><i>Fiscal</i></p> <ul style="list-style-type: none">• Flat 10-percent tax on goods and services.• 20-percent cut in personal income tax.• Widen tax base to include dividend income.	<p><i>Overall increase in tax revenue. Balance government budget, reduce overseas borrowing and costly debt servicing, and trim inflation.</i></p>	<p><i>Tax revenue shortfall of over \$5 billion; government and Reserve Bank borrowing still high. GST caused 5-percent hike in consumer prices, and continuing double-digit inflation of 12 to 15 percent projected for 1987.</i></p>
<p><i>Agricultural</i></p> <ul style="list-style-type: none">• Remove all farm subsidies.• Farmland available for purchase by foreign investors.• Eliminate agricultural tax breaks.• Farm consolidation allowable.	<p><i>Major restructuring and modernization of moribund pastoral economy, meat and dairy processing industry. Reduce production of agricultural products that cannot be easily sold. Emergence of new generation of business leaders willing to operate without subsidies. Cut government spending and improve terms of trade with more sophisticated exports geared to specialized markets.</i></p>	<p><i>Some modernization and consolidation but overall decline of pastoral economy; record unemployment and mortgage defaults in rural areas. High interest rates keeping pastoral exports uncompetitive in already saturated world markets. Labor Party losing support in towns servicing the farming sector and with agricultural product processing unions.</i></p>
<p><i>Trade</i></p> <ul style="list-style-type: none">• Eliminate 500 import tariffs.• Float exchange rate.• Import license phaseout.• Decentralize foreign exchange allocations.	<p><i>Increase competitiveness, modernization of industry. Stimulate export growth and allocate resources more efficiently.</i></p>	<p><i>Unions and manufacturers federation resisting change; worried that open market practices will lead to job losses, wage cuts, and local production undercut by cheaper and better made imports. Labor Party receiving some financial support from larger corporations now able to expand overseas trade.</i></p>
<p><i>Financial institutions</i></p> <ul style="list-style-type: none">• Lift restrictions on operation of foreign banks in country.	<p><i>New investment opportunities, increased capital flow, new jobs.</i></p>	<p><i>Banking and insurance sectors have welcomed change and resulting growth; possible increased support for Labor Party although sector not generally politically active.</i></p>



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The Campaign Shapes Up

The National Party in Opposition. The National Party, which ruled New Zealand for most of the postwar period until Labor's victory in 1984, in our judgment has had difficulty adjusting to its unaccustomed role as an opposition party. Bolger has been party leader only since April 1986 and has been criticized by National members of Parliament for failing to develop a strong, detailed party platform. In addition, the US Embassy reports that Bolger's front bench is made up of uninspiring, rural-based members, who frequently disagree in public on party policy and give the public a picture of a party in disarray (see inset "The Muldoon Factor"). 

In our judgment, the Nationals will pin their election hopes on the slumping economy to bring down the Lange government, even though Bolger, if elected, would probably adopt economic policies close to those of the Labor government. At the party's only conference under Bolger in August 1986, for example, delegates rejected resolutions calling for special farm subsidies and government intervention to lower interest rates. The Nationals, nonetheless, will almost certainly try to take advantage of the pain Labor's economic reforms have caused some groups with

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Playing the Issues

	Labor's Strategy	National's Strategy
Antinuclear issues	Antinuclearism to be played as a moral issue. Will stress benefits of antinuclear legislation, but support blanket clearance for US planes using Christchurch Operation Deep Freeze facility. Will deny that antinuclear stance has damaged relations with US or UK and will denounce foreign meddling in domestic affairs.	Will charge Labor with damaging relations with US and UK; endangering vital trade with EC. Muldoon considers antinuclear policy hypocritical because Christchurch aircraft policy deviates from ship visits policy. If elected, Bolger may hope to apply legislation's aircraft criteria to ship visits.
Foreign policy	Will stress tough line against Soviets (ousted Soviet diplomat in May) and Libya (refused to let accredited diplomats have residency in Wellington). Will portray New Zealand as major player in Pacific without overreacting to events.	Any stance will be complicated by Muldoon's outspokenness which may not accurately reflect the party's platform.
Economy	Will attack the National Party for its interventionist policies, and chastise Bolger for keeping Muldoon on front bench. Lange likely to gloss over economic problems, counting on charisma and image as friend of working class. Will stress positive aspects of reform and point out long-term benefits.	Favors structural reform and departure from Muldoon's interventionist strategy, but objects to fast pace of change, high unemployment, and inflation, and overall decline in economic conditions. Muldoon's outspokenness likely to confuse issues.
Industrial relations	Will try to capitalize on growing support of white-collar workers and managers, but will point to Labor's benefits to unions, especially compulsory unionism.	May get political mileage out of recent closing of country's largest meat-processing plant and record-high farm mortgage defaults. Likely to have success courting union rank-and-file vote despite Federation of Labor's official support of Lange.
Social issues	Unlikely to be diverted from larger issues.	Could exploit public concerns over rising crime and racial tensions with "get tough" stance.

[redacted]
vague promises of assistance to farmers, pensioners, and manufacturers, while calling for a slower pace of reform. [redacted]

Although Bolger probably will try to avoid making US Navy ship visits a campaign issue, we believe he will argue that the antinuclear legislation has damaged relations with the United States and the United Kingdom, and has fostered Soviet and Libyan influence in the South Pacific. Bolger will probably take the position that he supports visits on a "neither confirm nor deny" basis, which was the practice under the Muldoon government. Bolger will insist, however, that New Zealand would remain nuclear free under a National government—a claim that Lange will almost certainly attack in light of Bolger's avowal to repeal the antinuclear legislation. [redacted]

The Nationals will also attempt to draw votes by blaming the government for increases both in violent crime and in racial troubles involving the indigenous Maoris, who make up about 10 percent of the population. Violent crime is often associated with Maori youth gangs, whose members experience high unemployment, are poorly educated, and suffer from drug and alcohol abuse. The Nationals have announced a tough law-and-order policy, but the US Embassy reports that the media and public dismiss it as unrealistic. The party will also try to capitalize on strained relations between Maoris and the Lange government caused by a bitter parliamentary investigation earlier this year into the efforts of the Ministry

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The Muldoon Factor



Although controversial, former Prime Minister Muldoon is a force in National Party politics, and polls show that he still enjoys considerable public support. Muldoon's disagreements with the National Party on economic issues have forced party leader Bolger to refute him publicly, while privately assuring supporters that the National Party will not return to its past interventionist policies. Bolger, however, has given Muldoon free reign to attack some of Lange's key foreign policy decisions, including the government's granting an exemption from the antinuclear legislation to Operation Deep Freeze. In our judgment,

Bolger will probably continue to allow Muldoon—the opposition's spokesman for Foreign Affairs—a free hand in criticizing Lange's defense and foreign policies during the campaign. According to the US Embassy, Muldoon is one of the few National Party ministers who can hold his own in debate against Lange. [redacted]

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By using Muldoon to counter Labor's charges that a National government would allow nuclear-armed ships in New Zealand's ports, Bolger may hope to slow Lange's campaign attack while keeping Muldoon away from economic issues. Muldoon, however, is unlikely to cooperate, if his record is any guide. The US Embassy notes that Muldoon has been interested only in his own career's resurgence since Bolger rescued him from his back bench exile in 1986. We believe that Muldoon aspires to be prime minister again, and a Lange victory in August would give him a good chance of wresting control of the National Party from Bolger. Bolger will remain, in our judgment, at Muldoon's mercy because he cannot remove the former Prime Minister from the shadow cabinet without losing the support of conservative voters loyal to Muldoon. [redacted]

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of Maori Affairs to secure an unauthorized \$300 million loan. Although the Nationals have selected more Maori parliamentary candidates than in 1984, we believe they will have little success in breaking the Labor Party's traditional hold on the Maori vote.

[redacted]

Labor's Strategy—Staying the Course. Lange is sure to emphasize his frequent claim that a National government would “snuggle up to the bomb,” but we do not believe that the antinuclear legislation will guarantee a Labor Party victory. Nor do we expect any good economic news in the runup to the election on which Lange will be able to capitalize. Lange,

however, is likely to attempt to defuse public discontent over the state of the economy and boost Labor's image by:

- Pointing to poll results. In April, polling indicated that over 50 percent of voters believed the economy would improve in the next 12 months. This was a 22-point improvement over a similar poll in February.

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- Resolving the embarrassing public dispute with the government-owned businesses that are being transferred to the private sector. The new corporations and the government are squabbling over the worth of assets that the businesses must now purchase from Wellington.
- Emphasizing the positive outcome of reforms, including personal tax breaks, increased business and investment opportunities, and rising exports. []

Lange may be intentionally risking some blue-collar disaffection by distancing his campaign from the trade unions in an effort to gain middle-class and white-collar votes. According to the US Embassy—following a strike-ridden year in 1985 and a well-publicized series of strikes caused by a radical union at a papermill in 1986—surveys show that most New Zealanders believe the trade unions have too much power. Lange has tried to capitalize on this by claiming that the Labor Party is the party of the working class, but not the handmaiden of the trade unions. []

Looking Ahead

A Lange Win: No Ship Visits. We believe that the Labor Party is probably heading toward an election win, but that Lange will have a reduced majority in the new Parliament. Under these circumstances, Lange would almost certainly have to continue supporting the antinuclear legislation to appease leftist party backers during a second term. Normal port access, therefore, would not be restored during a second Lange term, and, in our view, any step taken to ease restrictions on port visits would threaten Labor Party unity. []

A National Victory: No Ship Visits . . . Maybe. In our judgment, a Bolger government would not repeal the antinuclear legislation because his National Party is divided on the antinuclear issue and because public support for the legislation will almost certainly remain strong. According to the US Embassy, Bolger has privately proposed resuming ship visits under an arrangement whereby Washington would state its “neither confirm nor deny” policy and Bolger would state his opposition to nuclear-armed or -powered ships entering New Zealand. Nonetheless, we doubt



Jim Bolger
National's Leader

Shrewd, highly capable, articulate politician . . . considered “down to earth,” trustworthy leader . . . aggressive debater, skillful negotiator. . . conservative on moral and economic issues . . . pro-American, pro-ANZUS, would like to repeal antinuclear legislation . . . criticized for inability to control former Prime Minister Muldoon, whose outbursts often contradict National Party policies . . . []

lags both Lange and Muldoon in popular opinion polls . . . successful sheep and cattle farmer . . . hard-line labor relations minister, 1978-84. []

that a National government could accept the US policy while the legislation remains in effect, because it requires that the Prime Minister be satisfied that the ships and aircraft entering New Zealand are not nuclear powered or carrying nuclear weapons. If Bolger, or any other prime minister, certifies that ships or aircraft are nuclear free, it would violate Washington's policy. []

Implications for the United States

New Zealand's bilateral relations with the United States would probably not improve during a second Lange government. Although a growing economy would reduce the left wing's influence on Labor Party policy in the long term, it would also allow Lange to increase spending on joint defense programs with

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Australia, thereby undercutting pro-ANZUS critics of Lange's defense policies. We believe, moreover, that strong public support for the government's anti-nuclear policies will persist.

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Bilateral ties under a National government would probably improve slowly. Under Bolger, National would probably work to restore the ANZUS alliance, even though he has indicated that his government would need time to "educate" the New Zealand public on defense issues. Bolger will almost certainly appease leftists by encouraging Washington to seek arms control agreements with the Soviet Union—he has promised to appoint an Ambassador for Disarmament if the Nationals win the election—and may urge the United States to reconsider signing the South Pacific Nuclear-Free-Zone Treaty.

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In our view, bilateral trade will continue to decrease as Wellington increases trade with Australia and Japan. Bilateral trade has already fallen because of New Zealand's declining agricultural exports caused by the termination of farm subsidies under the Labor government. A National government would probably be pressured by its rural supporters to boost agricultural exports, and we believe that Bolger might seek a free trade agreement with the United States to appeal to National's rural backers.

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Appendix A

Key Points of Antinuclear Legislation

Objective

"An Act to establish in New Zealand a Nuclear-Free Zone, to promote and encourage an active and effective contribution by New Zealand to the essential process of disarmament and international arms control."

The New Zealand Nuclear-Free Zone

"Comprises:

- a. All of the land, territory, and inland waters within the territorial limits of New Zealand;
- b. The internal waters of New Zealand;
- c. The territorial sea of New Zealand;
- d. The airspace above the areas specified."

Aircraft and Ship Visits

The Decision Process: "When the Prime Minister is considering whether to grant approval to the entry of foreign warships [and military aircraft] into the internal waters of New Zealand, the Prime Minister shall have regard to all relevant information and advice that may be available to the Prime Minister including information and advice concerning the *strategic and security interests* of New Zealand."

The Ground Rules: "The Prime Minister may only grant approval for the entry into the internal waters of New Zealand by *foreign warships* if the Prime Minister is satisfied that the warships will not be carrying any explosive nuclear device upon their entry into the internal waters of New Zealand. . . . The Prime Minister may only grant approval to the landing in New Zealand by any *foreign military aircraft* if the Prime Minister is satisfied that the foreign military aircraft will not be carrying any nuclear explosive device when it lands in New Zealand."

Provisions possibly exempting Operation Deep Freeze flights to Christchurch: *The Prime Minister may grant an exemption from the Legislation "to a category or class of foreign military aircraft."*



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Appendix B

Voter Polls

The respected New Zealand public opinion survey group AGB:McNair compared results from 1984 preelection polls with answers to the same questions asked earlier this year.¹ Both parties have gained support, mostly at the expense of smaller third parties, but Labor—traditionally known as a socialist- and populist-oriented party—has picked up surprising support in urban areas and among white-collar workers. This probably is a reflection of these groups' positive reaction to the deregulated financial sector and other aspects of economic reform. National, however, will probably pick up votes in the critical swing districts, mostly rural and small town areas, where the farm economy has been hard hit by Labor's elimination of agricultural subsidies.

Professionals and Executives

	1984 (percent)	1987 ² (percent)
Labor	40	59
National	30	37
NZ Party	23	1
Democratic	5	1
Others	2	2

Middle-Income Voters

	1984 (percent)	1987 ² (percent)
Labor	36	47
National	37	48
NZ Party	18	1
Democratic	8	2
Others	1	1

Blue-Collar Voters

	1984 (percent)	1987 ² (percent)
Labor	55	57
National	23	37
NZ Party	11	1
Democratic	10	4
Others	1	1

Main City Voters

	1984 (percent)	1987 ² (percent)
Labor	48	54
National	31	41
NZ Party	14	1
Democratic	6	3
Others	1	1

Rural Voters

	1984 (percent)	1987 ² (percent)
Labor	33	39
National	48	58
NZ Party	9	1
Democratic	10	2

The "Yuppie" Vote

	1984 (percent)	1987 ² (percent)
Labor	39	57
National	25	37
NZ Party	29	2
Democratic	6	4

¹ Because of rounding and estimation, figures may not add to 100.

² First quarter.



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